

SEC/2021/047

29th April, 2021

BSE Limited Corporate Relationship Department P.J. Towers, Dalal Street, Fort, Mumbai 400001 BSE Scrip Code: 532756	National Stock Exchange of India Limited Corporate Relationship Department, Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 NSE Scrip code: MAHINDCIE
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Dear Sir/Madam,

Subject: Amendment in Dividend Distribution Policy of the Company in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors ("Board") of Mahindra CIE Automotive Limited (the Company) at its meeting held today i.e. 29th April, 2021 have reviewed the Dividend Distribution Policy of the Company framed in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have approved to amend the same by incorporating certain changes in the Policy.

The main purpose of the proposed amendment is to amend the Financial Parameters that shall be considered while declaring dividend. The Company has included the parameters which can be considered for Interim Dividend and Final Dividend, if any. Further, the amendment provides that, going forward, the Dividend pay-out, if any, will be upto 25% of Consolidated Profit After Tax of the Company for the corresponding financial year.

Apart from above, the Company has made certain changes in other parameters mainly to provide clarity in respect of each of the parameter by improvising the language. Further, the amendments have provided for a basic format change of the Policy by paraphrasing the contents under appropriate heading.

A copy of the amended Dividend Distribution Policy is enclosed herewith. Kindly acknowledge the receipt of the same.

Kindly acknowledge the receipt and take the same on the records.

Thanking you,
Yours faithfully,

For Mahindra CIE Automotive Limited

Pankaj Goyal
Company Secretary and Compliance Officer
Membership No. A 29614
Encl: as enclosed

Mahindra CIE Automotive Limited

Dividend Distribution Policy

1. Introduction

The Board of Directors ("Board") of Mahindra CIE Automotive Limited (the Company) at its meeting held on 24th October 2016 has approved and adopted the Dividend Distribution Policy ("Policy") as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Policy came into force for accounting periods beginning from 1st January 2017.

The Company has not paid any dividend to the shareholders in the past and have been conserving cash to fund its organic as well as inorganic growth.

The Board recognises the need to pay regular dividend while continuing to grow the Company, both organically and inorganically.

Hence, the Board of Directors at its meeting held on 29th April, 2021 reviewed the Policy and amended the same.

2. Scope and Objective

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions.

3. General Policy on Dividend

The Dividend will generally be considered by the Board and recommended to shareholders for their approval once a year in the Board Meeting that considers and approves the Audited Financial Statement of the Company (**the Final Dividend**) as may be permitted by the Companies Act, 2013 (**the Act**).

The Board may also declare interim dividends as may be permitted by the Act.

Dividend would be declared on per share basis on the Ordinary Equity Shares of the Company having face value Rs. 10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

4. The financial parameters that shall be considered while declaring dividend

Subject to the provisions of the applicable laws, the Company's dividend pay-out will be determined based on available financial resources, business environment, funds required for organic as well as inorganic growth and other factors which will ensure optimal shareholder return.

While considering the Interim Dividend, if any, the Board shall consider the consolidated profits generated in the financial year till the quarter preceding the date on which the Interim Dividend is being considered by the Board, the financial position of the Company and outlook for the financial year. While considering the Final Dividend, if

any, the Board shall factor the Interim Dividend that it might have declared during the Financial Year in respect of which the Final Dividend is being considered.

Within these parameters, going forward, the Company would endeavour to maintain a total dividend pay-out ratio of upto 25% of the annual consolidated Profits after Tax (PAT) of the Company for the corresponding year.

5. Internal and external factors that shall be considered for declaration of dividend

While determining the nature and quantum of the dividend pay-out, including amending the suggested pay-out range as above, the Board would take into account the following factors:

A. Internal Factors:

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets
- ii. Cash flow position of the Company
- iii. Accumulated reserves
- iv. Earnings stability
- v. Future cash requirements for organic growth/expansion and regular capital expenditure
- vi. Future cash requirements for inorganic growth,
- vii. Current and future debt levels
- viii. Under exceptional circumstances provision for any contingent liabilities,
- ix. Investment opportunities in new business(es)

B. External Factors:

- i. Business cycles,
- ii. Economic environment,
- iii. Cost of external financing,
- iv. Regulatory constraints for external financing
- v. Applicable taxes including tax on dividend,
- vi. Industry outlook for the future years,
- vii. Inflation rate, and
- viii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

6. the circumstances under which the shareholders of the listed entities may not expect dividend;

The Board may, in its absolute discretion and taking into account the advice of the Executive Management, consider not declaring dividend or may recommend a lower pay-out for a given financial year, after analysing the

prospective opportunities and threats and in the event of challenging economic circumstances, regulatory and/or financial environment. In such event, the Board will provide rationale in the Annual Report.

7. The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure
- ii. Working capital requirement
- iii. Expansion and Organic growth
- iv. Inorganic growth
- v. Investment in new business(es) and/or additional investment in existing business(es),
- vi. Declaration of dividend,
- vii. Buy back of shares,
- viii. General corporate purposes, including contingencies,
- ix. Reduction of debt
- x. Correcting the capital structure,
- xi. Any other permitted usage as per the Companies Act, 2013.

8. Review and Disclosure

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company's website at: <http://www.mahindracie.com/investors/investor-relations/governance.html>

The policy will also be disclosed in the Company's annual report.

9. Disclaimer

The Policy does not constitute a commitment regarding future dividends of the Company, but only represents a general guidance regarding payment of dividend. The Policy does not in any way restrict right of the Board to use its discretion in the recommendation of the dividend to be distributed considering various factors mentioned in the Policy. Further, subject to the provisions of applicable laws, the Board reserves the right to depart from the policy as and when circumstances so warrant.

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